

Office of Economic Development
Mesa Redevelopment Authority Executive Board
MEETING MINUTES

Date: November 21, 2011 2:30 P.M.

MEMBERS PRESENT

Brian Campbell, Chair
Tony Ham, Vice-Chair
William Jabjiniak
John Regni
Virgil Renzulli

STAFF PRESENT

Shelly Allen
Sue Cason
Margaret Robertson

GUESTS

Roc Arnett
Dane Mullenix
Peter Sterling

1. Chair's call to order

Chair Brian Campbell called the meeting of the Mesa Redevelopment Authority Executive Board (MRA) to order at 2:30 P.M.

- Chair Campbell introduced and welcomed the new board member Mr. Virgil Renzulli, Vice President of Public Affairs at Arizona State University (ASU). Mr. Renzulli joins the executive board in place of Mr. Rick Shangraw who resigned from the board due to accepting a new position at ASU restricting his availability.

Mr. Renzulli stated that he is delighted to be involved with the MRA Executive Board.

2. Approve minutes of the September 12, 2011 meeting

Chair Campbell called for a motion to approve the minutes from the meeting held on September 12, 2011.

MOTION: Mr. Tony Ham moved that the minutes from September 12, 2011 be approved as written.

SECOND: Mr. Bill Jabjiniak

DECISION: Passed unanimously

3. Items from citizens present

No Comments were made.

4. Discuss regarding progress of economic development conveyance of former AFRL facilities

Chair Campbell reminded the board that a consultant, RKG Associates, Inc. was contracted to assist the City in preparing the application of conveyance of the property from the Air Force to the City of Mesa.

Ms. Shelly Allen stated that RKG Associates presented a plan outline which needed a few changes, and visited the site to gather further information to finalize the application plan. A draft will be available within the next two weeks. RKG did provide a final draft of Weston Solutions, Inc. detailed assessment of the site including various infrastructure and structural components, and they continue working on the financial model.

Mr. Jabjiniak asked about the timeline for the actual submittal of the application.

Ms. Margaret Robertson, Assistant City Attorney stated that the anticipated draft of the actual application is to be submitted to the City in January 2012, and the actual conveyance is still on schedule for March 2012. The only legal concern was that the survey and description of the property be passed through the Air Force prior to the application being finished making the process easier.

Chair Campbell asked if any further resources or assistance were needed to be given to RKG to make sure the schedule is maintained. Ms. Robertson commented that Barry Steinberg has been retained by the City Attorney's Office to assist.

Chair Campbell clarified that Barry Steinberg is an attorney with Kutak Rock in Washington, DC and Craig Seymour is the project manager for RKG Associates, Inc.

5. Discussion and possible action regarding vision for Arizona Laboratories for Security and Defense Research and coordination with other aerospace initiatives

Chair Campbell asked that Mr. Dane Mullenix of Alion Science and Technology give a brief description of where the vision is right now and an idea of where the vision needs to progress to.

Mr. Mullenix stated that a great deal of progress has been made and valuable lessons learned in respect to the vision. It is Alion's goal to successfully sustain the security protocols and reaccrediting the site as a valuable resource. In doing so, it will create interest in the site and put the value of the real estate inside the compound at a higher level than the real estate around it.

The second focus has been on capturing an assessment of the resource, such as the buildings, furnishings, equipment and communications. This assessment is on-going and a large portion of RKG's focus.

The transition now is to more broadly market the facility as a national resource. The response that Alion is receiving has been at a national level. Interest is coming from defense and homeland security companies, research minded universities including ASU, and companies having specific uses in response to potential federal business. Mr. Mullenix indicated that there has been a very strong interest from significant national/federal organizations in occupying the site themselves.

Chair Campbell stated that from what he has heard the demand within a year to eighteen months is going to exceed the existing capacity. Therefore, he suggested that the board start working on a long-term strategic plan as part of the vision.

Chair Campbell asked Mr. Mullenix concerning a business plan that is deliverable in December. Mr. Mullenix confirmed that a business and marketing plan is due to the City on December 15, 2011.

Mr. Jabjiniak stated that the plan needs to tie into the ASU initiative and also think about other assets such as the business accelerator.

General John Regni praised Mr. Mullenix and Alion for the great work they have done.

Chair Campbell asked the board for ideas on how to integrate this facility as part of the statewide effort.

Mr. Peter Sterling, Mesa Chamber of Commerce, stated that the Arizona Commerce Authority's (ACA) report on the statewide plan for the Aerospace Industry, particularly for the Unmanned Aerial System (UAS) assets, is due to the Leadership Action Team on December 15, 2011. Once the report is approved by the Leadership Action Team, it will go to the full ACA board in January.

General Regni stated that the vision, strategic plan and marketing plans of the Arizona Laboratories of Security and Defense Research (AZLabs) need to dovetail very closely with the ACA's work in presenting the whole state of Arizona.

Chair Campbell asked General Regni and Mr. Sterling to work together to establish a report on the process and guidance that ACA is working on to present to the board at the December meeting as part of the vision initiative.

6. Discussion and possible action regarding creation of long-term strategic plan for Arizona Laboratories of Security and Defense Research

General Regni stated that a trained workforce is a critical component missing in the state of Arizona. Chair Campbell suggested that the board partner with ASU concerning the workforce development issue and that it be part of the long-term strategic plan.

Chair Campbell feels there are two (2) critical areas to be addressed for the long-term strategic plan. The first being, as General Regni stated earlier, the workforce development component. ASU and MAG has worked together to do a study concerning workforce development. East Valley Partnership (EVP) and Greater Phoenix Economic Council (GPEC) are partnering together on the second component of venture capital, which is in support of the accelerator at ASU.

Mr. Renzulli commented that the Fulton Engineering School, ASU Polytechnic and other companies did a gap analysis of what is needed from the graduates, which resulted in some programs being created to meet the needs.

Mr. Tony Ham of Boeing stated that companies such as Boeing need to continue to give the requirements we need or think we may need in the future to work with ASU and others to set-up a curriculum for proper training.

General Regni commented that this issue needs to be continually presented and highlighted to the state and legislature and be added to their scope of work.

Chair Campbell suggested that he and Mr. Renzulli partner with Mr. Mullenix to focus on the workforce development component for the long-term strategic plan and present a report to the board at the December meeting.

Chair Campbell expressed a concern about comments to take down buildings. As the board develops a strategic plan, Chair Campbell would like to look at the work in connection with the conveyance at ways to expand our footprint.

Mr. Mullenix stated that most former military installations have other competitive leasable space outside of the lab compound. Due to the security protocols, the AZLabs brings a uniqueness which creates demand that would not otherwise exist, and at a higher cost per square foot. To make the space we have more efficient, we need to look at the parking issues and optimize the real estate that is available.

Chair Campbell asked that Mr. Jabjiniak and Mr. Renzulli work together concerning the facility issues such as the parking issue as part of the strategic plan and perhaps engage Shelly Allen also.

Mr. Ham asked if the labs will be available for long-term leases as well as some short-term leases.

Mr. Mullenix stated that 5 major government organizations have inquired specifically about acquiring an entire main facility. Therefore, the first large adopter may shape the business model.

7. Discussion and possible action regarding marketing Arizona Laboratories for Security and Defense Research (including recommendation of strategic out-of-state partners)

Chair Campbell said that there is marketing that must get done quickly, such as getting the website up and running and having solid public relations in place to handle requests. The web domain is reserved and the trademarks are in place.

Mr. Mullenix spoke on the marketing plan that is already started. The positive side is that a lot of the community that we will potentially be marketing the facility to nationally are aware of the facility. However, they may not be aware that the facility is now available, renamed and branded as an economic redevelopment plan for the City. Mr. Mullenix stated that not all aspects of the facility can be marketed, such as the specifics of the facility's clearance which is against United States law and can cause the loss of accreditation.

Mr. Mullenix stated that Alion has been doing a great deal of marketing to companies and government organizations that are clients and prospective clients. Also, Alion and ASU Polytechnic have partnered to produce a document for a specific U.S. government organization that has visited the site twice. Alion has coordinated with the City to place a full-page ad in an Air Force publication which will highlight the AZLabs. Each time

Alion does a trade show as a company it will market the facility and Arizona as a center of excellence.

Chair Campbell and General Regni suggested that the board learn the correct terms to be used in all public announcements. Mr. Mullenix said there is a rule of thumb in creating the collateral material as different offices will be involved for different purposes, is to have the Alion team go over all marketing material and public announcements prior to release to protect the accreditation.

Chair Campbell appointed himself and Mr. Rezulli to create a marketing plan. Chair Campbell also feels that the marketing needs to be tied in with some out-of-state partners, such as; University of Dayton, Emory Brittle in Florida, University of Alabama as well as North Dakota in their effort for UAS activities.

Mr. Mullenix believes that Arizona is a natural center of excellence for UAS, but does not want to overly stress our lab marketing toward just UAS activities.

Chair Campbell summarized the teams for the following agenda items.

- Mr. Ham will partner with Mr. Mullenix on the UAS issues
- Chair Campbell and Mr. Renzulli will work on the marketing piece
- Mr. Jabjiniak will take the lead on the long-term strategic plan and call on others as needed
- General Regni will take the lead on the visioning along with Mr. Sterling

8. Other business

Ms. Robertson commented that when the process began to acquire the lab, there was a proposed revision to the EDC regulations. The revision was approved in mid-November that a “fair market value of the property” is not required on the EDC application.

- Next Meeting: Tuesday, December 20, 2011, 2:00 P.M. at 57 E. 1st Street, Lower Level Council Chamber, Mesa, AZ 85201

9. Adjournment

Chair Campbell adjourned the meeting at 4:00 P.M.

Submitted By:

William J. Jabjiniak
Economic Development Department Director
(Prepared by Sue Cason)